



No. 47

October 29, 2003

S.1427/H.R. 2673 - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, FY 2004

Calendar No. 216

Reported on July 17, 2003 as an original bill by a vote of 29-0 by the Senate Appropriations Committee; S. Rept. 108-106.

NOTEWORTHY

- It is likely the Senate will proceed to H.R. 2673, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2004 this week. It is anticipated that the Senate will accept the Senate Appropriations committee-reported bill, S. 1427, as the base text.
- S. 1427 provides \$77.40 billion in total obligation authority for agriculture, rural development, and nutrition programs FY 2004, an amount which is \$2.68 billion higher than the FY03 amount, and \$157 million below the requested amount. Of the total, \$17 billion is in discretionary spending accounts.
- On July 14, 2003, the House passed H.R. 2673, its FY04 Agriculture funding bill, by a vote of 347-64. The House bill includes a provision denying the Food and Drug Administration the ability to use funds to prevent drug reimportation. The White House strongly opposes this language, and the Senate bill is silent on the issue.
- The White House supports a provision in the House-passed bill to prevent any funds from being made available to implement Country of Origin labeling for meat or meat products, a program authorized by the 2002 Farm Bill (P.L. 107-171). The Senate bill is silent on the issue, but an amendment is expected to be offered by Senators Daschle and Johnson.

HIGHLIGHTS

Appropriations Breakdown by Title (dollars in millions)

Appropriation Account	FY 2003 Level	FY 2004 Recommendation
Title I — Agricultural Programs	\$25,458.4	\$26,776.7
Title II — Conservation Programs	1,021.3	973.2
Title III — Rural Development Programs	2,777.0	2,587.8
Title IV — Domestic Food Programs	41,890.6	44,088.3
Title V — Foreign Assistance Programs	1,836.8	1,486.8
Title VI — Related Agencies and FDA	1,466.5	1,482.6
Title VII — General Provisions	273.7	8.5
TOTAL, new budget (obligational) authority	\$74,724.3	\$77,403.9

Note that of total spending in this bill, \$17 billion is discretionary spending and the remainder is mandatory spending for such programs as food stamps (\$27.7 billion), child nutrition (\$11.4 billion), payments to the Federal Crop Insurance Corporation fund (\$3.37 billion), and the Commodity Credit Corporation (\$17.28 billion).

Highlights of Title I, Agricultural Programs

- The overall increase in Title I funds appropriated for FY 2004 as compared to the FY03 amount reflects increased commodity support spending relating to an anticipated downturn in the market price of many covered commodities. The Committee provides \$17.3 billion in mandatory payments required to reimburse the Commodity Credit Corporation (CCC) for net realized losses, roughly \$1 billion more than provided in FY03 recommendation; this amount may be increased as necessary to reimburse the CCC for its losses incurred pursuant to its mission to stabilize, support, and protect farm income and prices.
- The bill provides \$3.25 billion in authorized loan levels for agricultural credit programs for farmers, \$660 million less than the fiscal year 2003 level.

- The bill continues to fund rental payments to the General Services Administration (GSA) in the U.S. Department of Agriculture's (USDA's) buildings and facilities account.
- The bill provides \$1.27 billion in appropriations for Farm Service Agency salaries and expenses, an increase of \$24.11 million over the fiscal year 2003 level. The Committee notes that the FSA has been under pressure to downsize staff levels, but because of the potential impact such reductions could have on farm services, it recommends that States that in compliance with the original Espy reorganization plan should not be required to undertake further staff reductions.
- Recommended funding for the Food Safety and Inspection Service is \$783.76 million, an increase of \$28.94 million from last year. Included in this increase is \$26.02 million for Federal food safety and inspection, including funding for an additional 80 in-plant FSIS inspectors, bringing the total number of FSIS slaughter inspectors to 7,680.
- Agricultural research, education, and extension activities total \$2.2 billion. This includes an increase of \$8.75 million for research activities for ARS, and a \$619,000 increase in total funding for the Cooperative State Research, Education, and Extension Service (CSREES). The ARS is provided \$1.05 billion, and activities of the CSREES are funded at a level of \$1.12 billion.

Highlights of Title II, Conservation Programs

- The bill provides a total funding level of \$973.2 million for the various conservation programs of the Department of Agriculture. This is a decrease of \$48.1 million from the regular appropriations for FY03. Funding of \$826.4 million is provided for the conservation operations account of the Natural Resources Conservation Service. This is \$7 million above the FY03 level.

Highlights of Title III, Rural Development

- Rural housing loan authorizations are \$4.4 billion. This is \$198.5 million more than the FY03 level.
- Funding for rural rental assistance is \$721.28 million, \$38,000 less than FY03.
- Funding for the Rural Community Advancement Program, which includes funds for water and waste disposal loans and grants, solid waste management grants, community facility loans and grants, and rural business enterprise grants, is \$769.48 million. This is \$132.6 million below the FY03 level but \$291.6 million above the FY04 budget request.

Highlights of Title IV, Domestic Food Programs

- This title contains more than one-half (56 percent or \$44.09 billion) of the total FY04 spending in this bill and is devoted to domestic food assistance: food stamps, child nutrition, WIC (supplemental nutrition program for women, infants, and children), and commodity and other food assistance programs.

- The bill provides \$11.42 billion for child nutrition programs, an increase of \$838 million over the FY03 funding level. Included in this figure are transfers of \$4.7 billion from Section 32 fees (fees collected from customs receipts used to encourage domestic consumption and exportation of agricultural commodities).
- Recommended funding for the Food Stamp program totals \$27.75 billion. This amount includes a \$2 billion reserve, \$140 million for the emergency food assistance program, and \$1.4 billion for nutrition assistance for Puerto Rico and Samoa.
- The Special Supplemental Feeding Program for Women, Infants, and Children (WIC) is funded at \$4.64 billion. This is a decrease of \$56.77 million from the FY03 level and \$130 million below the President's budget request. Updated estimates provided to the Committee since the budget was submitted in February have revealed lower than projected participation rates in FY03 and food costs that have decreased by approximately \$0.50 per person per month making this funding level adequate to support the approximately 7.78 million eligible women, infants, and children, as estimated in the President's budget.
- The Commodity Assistance Program is funded at \$145.74 million.

Highlights of Title V, Foreign Assistance Programs

- Funding for salaries and expenses for the Foreign Agricultural Service is \$136.0 million, \$2.7 million more than the FY03 level.
- Public Law 480 programs are funded at the following program levels: Title I – \$28 million; and Title II – \$1.192 billion, \$200,000 less than the FY03 level.

Highlights of Title VI, FDA and Related Agencies

- Total direct appropriations for the Food and Drug Administration (FDA) is \$1.384 billion, which is \$11.1 million more than the FY03 level.
- Total funding for the Commodity Futures Trading Commission is \$90.4 million, \$5 million more than the enacted FY03 level.

Highlights of Title VII, General Provisions

- Sections 701-731 of the general provisions are essentially the same as those included in the FY03 and previous years' appropriation acts.

BILL PROVISIONS

Title I – Agricultural Programs

Total Funding: Title I provides a total of \$26.8 billion in mandatory and discretionary funding for various agricultural programs. Of this total, \$17.3 billion is for the Commodity Credit Corporation and \$3.4 billion is for the Federal Crop Insurance Corporation fund. The remainder funds the agricultural research, executive operations, agricultural marketing services, cooperative state research, extension service, animal and plant health inspection, food safety and inspection, and farm assistance programs.

Commodity Credit Corporation (CCC): Funds CCC at such sums as may be necessary, estimated in the budget to be \$17.3 billion for net realized losses incurred from the commodity price and farm income support activities. This is \$990 million more than the estimated FY03 level.

Federal Crop Insurance Corporation Fund: Recommends an appropriation of such sums as necessary, estimated to be \$3.4 billion. This is \$482 million more than the estimated FY03 level.

Food Safety and Inspection Service (FSIS): The bill provides \$783.8 million in direct appropriations, which is \$29 million more than the FY03 level.

Farm Service Agency (FSA): The bill provides \$1.27 billion in new budget authority for the Farm Service Agency, an increase of \$24.11 million over the FY03 level. The recommendation also limits loan authorizations to \$3.2 billion.

Farm Credit Programs: The bill provides an estimated \$3.2 billion for farm loans, a decrease of \$663.6 million under the FY03 level. Included in this amount is \$1.1 billion for farm ownership direct and guaranteed loans and \$2.1 billion for farm operating direct and guaranteed loans.

Cooperative State Research, Education, and Extension Service: Agricultural State research, education, and extension programs are increased \$619,000 from the FY03 level to \$1.1 billion. Included in the appropriation is \$617.5 million for research and education activities, \$450 million for extension activities, and \$47 million for integrated activities.

Agricultural Research Service (ARS): Appropriations recommended for the Agricultural Research Service total \$1.1 billion, a figure \$173.9 million less than the FY03 enacted amount and \$80.2 million more than the budget estimate.

Animal and Plant Health Inspection Service (APHIS): The Animal and Plant Health Inspection Service is funded at \$710.5 million, \$17.9 million more than last year and \$10.7 million more than the budget estimate.

Agriculture Marketing and Inspection: The **Agricultural Marketing Service** is funded at \$94 million, \$2.5 million more than the FY03 enacted amount and \$2.2 million more than the budget request. The **Grain Inspection, Packers and Stockyards Administration** salaries and expenses are funded at \$35.6 million, \$4.1 million less than in FY03 and \$6.1 million less than the budget request.

Title II – Conservation Programs

Conservation Programs: The bill provides \$972.4 million for the Natural Resources Conservation Service, which is a \$48 million decrease from the FY03 level. Within the Natural Resources Conservation Service, \$826.6 million is included for conservation operations, \$10 million for watershed surveys and planning, \$55 million for watershed and flood prevention operations, \$29.8 million for watershed rehabilitation, and \$51 million for resource conservation and development.

Title III – Rural Economic and Community Development Programs

Rural Housing and Community Development: The total funded rural housing loan authorization level is \$4.4 billion (as compared to \$5 billion in FY03 and \$4.3 billion in the budget request), including \$4.1 billion for single-family housing direct and guaranteed loans, \$115 million for rental housing loans, and \$35 million for housing repair loans. \$100 million is recommended for multi-family housing guaranteed loans.

Rural Rental Assistance: Funding for rural rental assistance is \$721.3 million, \$18 million less than the budget request.

Rural Community Advancement Program (RCAP): Funding for the Rural Community Advancement Program (RCAP), which includes funds for water and waste disposal loans and grants, solid waste management grants, community facility loans and grants, and rural business enterprise grants, is decreased \$132.4 million from the FY03 level to \$769.5 million, \$291.6 million above the budget request.

Rural Electrification and Telecommunications: The bill funds a total rural electric and telecommunications loan level of \$5.6 billion, \$43 million more than the FY03 level and \$2.5 billion above the budget request.

Distance Learning and Telemedicine Program: A funding level of \$59.1 million is provided for the Distance Learning and Telemedicine program for grants and loan subsidy costs, which supports a \$636 million loan level.

Title IV – Domestic Food Programs

Food Stamp Program (FSP): Funding for the Food Stamp program totals \$27.7 billion. This amount includes a \$2 billion reserve, \$140 million for the emergency food assistance program, and \$1.4 billion for nutrition assistance for Puerto Rico and Samoa.

Women, Infants and Children (WIC) Feeding Program: The Special Supplemental Feeding Program for Women, Infants, and Children (WIC) is funded at \$4.64 billion. This is a decrease of \$56.77 million from the FY03 level and \$130 million below the President's budget request. Updated estimates provided to the Committee since the budget was submitted in February have revealed lower than projected participation rates in FY03 and food costs that have decreased by approximately \$0.50 per person per month making this funding level adequate to support the approximately 7.78 million women, infants, and children estimated in the President's budget.

Child Nutrition Programs (CNP): To improve the health and well-being of the nation's children, the child nutrition programs include school breakfast and lunch programs, child and adult care food programs, summer food services, and nutrition education and training programs. In addition, the special milk program provides funding for milk service in schools, nonprofit child care centers, and camps which have no other federally assisted food programs. For these programs, the Committee provides an appropriation of \$6.7 billion, plus a transfer from section 32 of \$4.7 billion, for a total program level of \$11.4 billion, which is \$838 million more than the FY03 level.

Commodity Assistance Program (CAP): The Commodity Assistance Program is funded at \$145.7 million, a decrease of \$17.7 million from the FY03 level and \$20.3 million below the budget request.

Food Donations Programs: As proposed in the President's budget, the Department of Health and Human Services will fund the elderly feeding program. Funding is no longer provided to the Department of Agriculture for this program.

Title V – Foreign Assistance and Related Programs

Foreign Agricultural Service: The Committee provides \$136.0 million, which is a \$2.7 million increase from the FY03 level.

Public Law 480 (Food for Peace): The bill appropriates \$1.3 billion for Public Law 480 accounts, which serve as the primary means for the U.S. provision of food assistance overseas. A total program level of \$1.192 billion is for grants under Title II for food aid for humanitarian relief through private

voluntary organizations or through multilateral organizations like the World Food Program, an amount which is a \$7 million increase over the budget request. It further funds a Title I direct loan level of \$131.6 million and appropriates \$28 million for ocean freight differential costs.

Title VI – FDA and Related Agencies

Food and Drug Administration (FDA): Funding for the Food and Drug Administration totals \$1.38 billion. This is \$11 million more than the FY03 level and includes \$26.9 million in prescription drug user fee collections and \$29.19 million in new medical device user fee collections. The FDA buildings and facilities account is funded at \$7.9 million.

Commodity Futures Trading Commission: Appropriates \$90.4 million, which is \$5 million more than the FY03 level. Funding was increased in FY03 to provide for pay comparability with other Federal financial institutions.

Farm Credit Administration: Recommends a limitation on administrative expenses of \$40.9 million, which is \$2.5 million above the FY03 administrative expense limitation.

Title VII – General Provisions

Total appropriations of \$3 million are appropriated for Bill Emerson and Mickey Leland Hunger Fellowships through the Congressional Hunger Center.

The bill continues a provision to allow proprietary centers to participate in the Child and Adult Care Feeding Program if at least 25 percent of the children served are eligible to receive a free or reduced-price meal, at a cost of \$22 million.

Limitations are established on mandatory funding for sections 2202, 2505, 2301, 2502, 2503, 6103, 9006, 6029, 6030, and 6405 of P.L. 107-171, as well as the export enhancement program.

ADMINISTRATION POSITION

A Statement of Administration Position on the Senate-reported bill is currently unavailable. The Administration released a SAP on the House-reported bill on July 14, and expressed overall support for the bill and its country-of-origin meat/meat product labeling prohibition, but expressed strong opposition to its drug reimportation provision. (The Senate-reported bill has no such country-of-origin labeling or

drug-reimportation language.) The SAP addressing H.R. 2673 is available at <http://www.whitehouse.gov/omb/legislative/sap/108-1/hr2673sap-h.pdf>.

POSSIBLE AMENDMENTS

Daschle/Johnson.	Country of origin labeling (COOL).
Byrd.	Emergency Conservation Program/Emergency Watershed Program (ECP/EWP) contingent emergency funding.
Feinstein/Levin.	Increased oversight of derivatives contracts (Commodity Futures Trading Commission).
Leahy/Snowe.	Conservation technical assistance (Conservation Reserve Program and Wetlands Reserve Program).